Mobile money usage in rural areas of Zimbabwe - case of Mudzi District

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Abstract: Mobile money is increasingly becoming popular in Zimbabwe. Availability of mobile money agents in rural areas is increasingly improving. This had dramatically simplified banking to the majority of the rural poor unbanked Zimbabweans. Consumers now enjoy much convenience offered by these mobile money services. However mobile money usage is still higher in urban areas than in rural areas although significant penetration levels can be witnessed. Most people in rural areas use mobile money more to receive money than any other service. About 69% of respondents in this survey have used mobile money. This figure shows a significant growth in mobile money usage. Convenience is the major driver to mobile money usage in rural areas. This survey was done in Mudzi and used face to face interviews as well as questionnaires. Financial services providers need to open more outlets in rural areas if they wish to reduce the unbanked population.

Key words: mobile money, rural unbanked, Zimbabwe

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Introduction

Mobile money is a new development in Zimbabwe. Mobile banking is defined as the delivery of financial services through mobile devices such as a mobile phone (Tobbin 2012). It enables people to easily send and receive money. Other transactions such as bill payments can also be made. Instead of paying with cash, cheque, or credit cards, a consumer can use a mobile phone to pay for a wide range of services and digital or hard goods. This has brought much convenience to the transacting public. Mobile money services were originally introduced by banks. However adoption rates were very low. Access was mainly limited to the banks. The number of mobile phone users has long exceeded the number of people with bank accounts across the world (Tobbin 2012). Mobile-phone-enabled banking (m-banking) services are being increasingly targeted at the "unbanked" to bring formal financial services to the poor (Medhi et al 2009). In view of this, mobile telecommunications launched the service with widespread outlets. This enhanced adoption rates. To date, mobile money can be accessed in most rural areas in Zimbabwe. This had improved financial inclusion of the unbanked in rural areas such as Mudzi district. Mudzi district is in Mashonaland East province of Zimbabwe. In Mudzi, traditional banking services are very limited. The majority of the people had no bank accounts. This is mainly because they cannot meet the requirements by commercial banks or the banks are far. People in Mudzi rely on subsistence farming and gardening for their livelihood. The much needed convenience of long operating hours, doing transactions in small amounts and limited requirements were missing in banks. Improving money circulation is crucial in an economy. Many Zimbabweans living in rural areas rely on money sent home by members of their family who work in urban areas. As propounded by Wray (2008) getting that cash to a village that could be hundreds of miles away is a

tricky business. As such, mobile money agents come as a rightful solution. Research in understanding actual usage and adoption by the rural population is sparse. As such, this paper will contribute by highlighting major drivers for mobile money usage in rural areas. This will help in shaping strategy when launching similar products or product extensions. Major contribution will also be on literature. The study is expected to bring new drivers of technology adoption or at least support existing theories and models by providing evidence from rural Zimbabwe. The study also seeks to identity the most used mobile money service in rural areas.

Literature Review

Mobile Money

This is the delivery or provision of financial services through mobile devices (Donovan and Tobbin 2012). This definition encompasses a range of services, including payments (such as peer-to-peer transfers), finance (such as insurance products), and banking (such as account balance inquiries) (Donovan 2012). This can also be referred to as mobile banking, mobile cash and e-wallet. In this paper, mobile money will be restricted to the provision of financial services using mobile phone technology. According to Donovan (2012), "in addition to extending financial services to the poor, mobile money is expected to improve productivity by increasing the efficiency and lowering the cost of transactions, improving security, generating new employment opportunities, and creating a platform on which other businesses can grow". It also frees users from spatial and temporal limitations, and enables them to conduct ubiquitous payment thus providing great convenience to users (Zhou 2011).

Mobile money applications

These are typically small pieces of software embedded on a SIM card or available over a mobile network (Donovan 2012). This allows users to use inexpensive phones to send money. The receiver only had to visit the nearest mobile money agent to receive the cash. Not so many requirements are needed besides providing acceptable identity. This allows money to be moved across great distances at the speed of text messages.

Mobile phones

These are multifunctional devices that allow for a variety of communication methods (Donovan 2012) and are key in mobile money usage. Messages can be sent and received in a short space of time thus enabling financial transactions. Mobile money can be in two forms, it can be as an additional channel to existing bank account or a totally new channel. Porteous (2006) distinguishes ''additive'' mobile banking models from ''transformational'' models. Transformational mobile banking services as those in which the financial product linked to the use of the phone is targeted at the unbanked, who largely low income people whilst additive mobile banking complements services offered by the bank. This means transformational services lead to the creation of new accounts to customers that do not necessarily complement existing accounts. As such, mobile money services to the unbanked rural population falls under transformational services. Therefore this paper will only focus on transformational services. The mobile platform offers a convenient additional method for managing money without handling cash (Donner and Tellez, 2008).

Implementation of mobile money

Different models are used for mobile money implementation. According to Donner (2007) some are offered entirely by banks, others are offered entirely by mobile network operators (MNO), others involve a partnership between a bank and a telecommunication provider (MTN Banking in South Africa) whilst some are independently provided. In Zimbabwe, all these four models exist for instance textacash and mobile moola (entirely by banks), ecocash and telecash (MNO) and nettcash (independent).

Mobile money adoption

According to Tobbin (2012), there is a shortage of research that properly conceptualise why the unbanked and the poor adopt mobile banking. Existing research has used information technology adoption theories such as technology acceptance model (TAM) (Nasri and Charffedine 2012; Kesharwani and Bisht 2012; Zhou 2011; Kim et al., 2010; Schierz et al., 2010), innovation diffusion theory (IDT) (Mallat, 2007), and the unified theory of acceptance and use of technology (UTAUT) (Luo et al., 2010) to examine mobile banking user behaviour. However,

according to critics such as Biljon et al (2007) these models do not incorporate qualitative factors such as different world views and technological frame of reference. Bagozzi (2007) criticize TAM for having a deterministic cause-effect approach and for neglecting group, social and cultural aspects of decision making. In Zimbabwe research on new technology adoption had also heavily relied on TAM either by testing or extending it (e.g Chinakidzwa, 2014; Thulani et al, 2009; Dube et al, 2009)). These researches do not clearly contextualise reasons for adoption of such technologies by the poor. However researchers such as Zhou (2011) found perceived usefulness, relative advantage, trust, performance expectancy and gender (Hernan et al (2010) to affect user adoption of mobile banking among other factors. In view of critics by Baggozi and Biljon, this study intends to use an exploratory approach without any preconceived determinant factors of mobile money usage by the rural population in Zimbabwe. This will enable further detailed research on why the rural unbanked and poor adopt mobile banking. In doing this, further contributions will be made to the findings of Tobbin's 2012 study.

Methodology

This was an exploratory study conducted in Nyamatawa ward of Mudzi district in Mashonaland East province of Zimbabwe. Mudzi district was selected because it represents other rural districts in Zimbabwe and is one of the four poorest districts (Manhokwe 2010). Questionnaires and Interviews were used to gather data on a sample of 67 villagers. The use of questionnaires and interviews is not new in such studies. Researchers such as Hernan et al (2010), Kesharwan et al (2011), Manhokwe (2010) and Thulani et al (2011) have used questionnaires and interviews in similar studies. As such, face to face interviews were conducted with villagers whilst those who were able to read and write completed questionnaires on their own. Respondents were intercepted at local shops and community meetings. They were then asked to complete the questionnaire or provide a short interview. The interviews provided valuable information that the questionnaires could not extract.

Results

This survey established that 69% of respondents had used mobile money before. This shows that mobile money is popular in rural Mudzi. 76% of these have used ecocash. Respondents demonstrated ignorance to most mobile money services available except for telecash and one wallet. One respondent said ''*mamwe ndeenyu imi veHarare, isu toziva tonyanyoziva ecocah*'' (*others are for you people from*

Harare, we know Ecocash most) Convenience was cited as the major driver for mobile cash usage. 83% of the users highlighted that they do not have a bank account. However 24% indicated they once have a bank account and it was closed. Cost was cited as the major reason for termination of services. The interviews established that these accounts were opened when the holders were working in urban areas mostly Harare. The high cost of operating the account, long distances to access bank services and lack of reliable income brought huge inconveniences to the holders. This resulted in mobile money as an easy alternative. Major reasons for not using banks were inconvenience (91%), stringent requirements (85%) and cost (76%). One responded said *"mabhengi ndeunyu vanoshanda mwanangu, isu toiwanepi mari yekuisako?''* (Banks are for you my son the employed; we don't have money to deposit in banks). *Mobile* cash therefore offered a cheap alternative. Most respondents (65%) used mobile money to receive than to send money. This could be explained by reliance on their children who work in urban areas. In interviews with users, respondents indicated the need for more mobile money agents. They had no plans for opening official bank accounts in the near future as the requirements are beyond what they could afford. One respondent said "where do I get money for a bank account, plus travelling to and from the bank is a lot of inconvenience for me". Asked whether they feel safe in using mobile money, most respondents showed no security concerns in mobile money usage. However some respondents urged the government to intervene in costs of mobile money.

Discussion

The results indicate that convenience is more important to mobile money users in rural areas. This could be the reason why mobile money services offered by banks never succeeded in rural Zimbabwe. Users prefer services that they can reach any time, close to them and one that offers even the lowest amount. As compared to banks, mobile money agents are located in most places, they do not need huge amounts to set and can be opened for long hours. This is an important step in accommodating the unbanked rural population of Zimbabwe. These findings support those of (Tobbin 2012) that MNO models thrive in developing markets because of their ability to reach large numbers of unbanked people in physically remote locations beyond the presence of bank and landline infrastructures. Respondents got access to money in places closer to them, without opening any accounts as in traditional banking systems. This saves on travelling costs, account maintenance fees among other banking requirements. Thus mobile money is revolutionary in rural areas. Results supported Wray (2008) findings that even that small percentage of the population who do have a bank account - are restricted in what they can

do with their money because of the dearth of branches in rural areas. Banks are only limited to towns/cities and in this case the nearest town to find a bank is Mutoko Centre.

The study confirmed previous researches (e.g Laukkanen, 2007; Garcia-Alba et al., n.d. and The World Bank, 2009 in Hernan et al 2010) that indicated convenience and lower costs as one of the major drivers of mobile money usage. Mobile phones are significantly reducing costs of financial transactions and providing an extra added advantage of convenience. However it did not establish much on other factors such as trust, security etc. Respondents ignored all these other factors in recognition of the greater convenience offered by mobile money agents. As such, convenience can be regarded as a major factor in mobile money usage in rural areas.

Findings in this study strongly contradicts findings by Kwiatkowski (2010) in Hernan et al (2010) that confirmed that "usage of mobile banking is decidedly low, even within developed markets where mobile devices have become nearly ubiquitous (Western Europe and North America)". However this could be explained by the ready availability of other banking services such as internet banking, hence no need for mobile money. In Zimbabwe, adoption of mobile banking is high (e.g usage rate of 69% reported in this study). As such as an emerging service, mobile banking has been widely adopted by users in contraction to findings by Zhou (2011). However differences could be explained by different operating environments. In some markets, (e.g developed markets) mobile money is less relevant or not a necessity as consumers has better services. According to Kwiatkowski (2010) consumers have been reluctant to adopt mobile banking services in developed markets partly because they were comfortable with existing low cost online services. No evidence of consumer scepticism about mobile banking as a result of ''lack of availability, poor wireless product quality (compared to the wired world) and insufficient technology'' was established in this study as compared to findings by Hernan et al (2010). In view of this it could be concluded that services are readily available, are of good quality and sufficient technology is available in rural Zimbabwe.

Those who do not use mobile money were largely as a result of no one to send them money through such platforms other than inferior user experience compared to fixed internet as reported by Gillespie, (2007) in Herman et al (2010). The high usage of ecocash could be explained by its wide distribution of agents coupled with market leadership and aggressive marketing. Registered ecocash agents were readily available as compared to other service providers. This could have positively influenced awareness thus high adoption. Mobile telecommunications growth has resulted in mobile phones increasingly becoming a necessity to every

household in Zimbabwe's rural areas. This is proliferating mobile money usage in such areas.

Implications and Recommendations

Convenience is an important factor to mobile money users in rural areas. Banks need to establish more agents if they are to be successful. Wide coverage is a key success factor that had been utilised by telecommunication companies such as Econet and Telecel. Mobile money can easily bridge the gap between the banked and the unbanked rural communities. Therefore the government must promote more usage of mobile money. For example, this can be done by offering an operating environment that is conducive and tax rebates to investments. Banks could also tap into this rural market by opening more branches in growth points for customers' convenience. Branches can offer traditional banking services plus these modern services such as mobile money. This would allow an extended product portfolio. According to the World Bank (2009), there are more phones than PCs in the market; mobile phones make it simple to communicate with the target market and establish a stronger relationship as banks provide market compelling-needed services. Additives therefore become a viable opportunity for banks. Banks also need to lessen account opening requirements so as to capture some of the unbanked rural market. Mobile money is the financial inclusion weapon of developing countries. Governments and the private sector need to embrace this technological development if they wish to tap into the unbanked rural market.

Further Research

There is need to widen the sample size. This study only focused on one ward yet Mudzi district has more than ten wards. The sample size is therefore too small for the generalisation of results. There is also need to look into detailed behaviours of users of mobile money, their usage patterns, frequency, income levels etc. If convenience is a major driver for adoption of mobile money is rural areas, there is need to test the same in urban areas especially with holders of internet banking accounts. This would help to establish other key motivations for mobile money usage such as user experiences.

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